

EDMONDS SCHOOL DISTRICT NO. 15
Snohomish County, Washington
Special Audit
August 1, 1994 Through June 6, 1996

Schedule Of Findings

1. Public Funds Were Misappropriated

Our audit of cash receipting activities associated with the Meadowdale High School Drill Team revealed that at least \$3,965.67 in public funds were misappropriated by the drill team advisor during the period of August 1, 1994, through June 6, 1996. There were no federal funds involved in this case. These funds were misappropriated as described below.

The drill team advisor collected payments from students and parents covering drill team expenditures which were paid for using district funds. The advisor did not deposit all of these collections with the school's Associated Student Body (ASB) secretary. Instead, she deposited some of the amounts directly into her personal bank account. These actions were contrary to Washington State statutes and the school's cash handling procedures.

These transactions are further described as follows.

- Fiscal Years 1994/95 and 1995/96 - Monthly Drill Team Membership Dues \$2,718.38

The advisor collected \$15 in monthly membership dues from each student. Collections should have totaled \$5,625.00. However, only \$2,906.62 was deposited with the ASB secretary. The advisor deposited some of these amounts (at least \$275.00) into her personal bank account.

- August 95 Drill Camp - \$342

The advisor collected \$3,562 from students to cover the cost of a summer drill camp. She deposited \$1,618 of this into her personal bank account. Eventually all but \$342 was remitted to the district.

- Uniforms/Cardigans/Dance Outfits - \$718.35

The advisor collected \$718.35 from students for drill team apparel. She deposited these amounts into her personal bank account.

- 1996 Sonics Drill Team Competition - \$363

The advisor collected \$363 from students to participate in a Sonics drill team competition. She deposited these amounts into her personal bank account.

- March 23-24, 1995, State Athletic Event - \$100

The advisor collected \$100 from students to cover lodging costs in connection with a March 23, and March 24, 1995, state athletic event. She deposited these amounts into her personal bank account.

- Tolo - \$15

The advisor collected \$15 from one student for Tolo. She deposited this amount into her personal bank account.

- Reimbursements Made To District - (\$291.06)

From August 1, 1994, through June 6, 1996, the advisor made five reimbursements to the district totaling \$291.06. We have reduced the total amount misappropriated for the effect of these reimbursements.

The district informed the drill team advisor on three occasions that the State Auditor's Office would meet with her to discuss the drill team funds. Due to an unspecified illness, she declined to meet with us.

RCW 42.20.070 states:

Misappropriation and falsification of accounts by public officer. Every public officer, and every other person receiving money on behalf or for or on account of the people of the state or of any department of the state government or of any bureau or fund created by law in which the people are directly or indirectly interested, or for or on account of any county, city, town, or any school, diking, drainage, or irrigation district, who:

(1) Shall appropriate to his or her own use or the use of any person not entitled thereto, without authority of law, any money so received by him or her as such officer or otherwise; or

(2) Shall knowingly keep any false account, or make any false entry or erasure in any account, of or relating to any money so received by him or her; or

(3) Shall fraudulently alter, falsify, conceal, destroy or obliterate any such account; or

(4) Shall willfully omit or refuse to pay over to the state, its officer or agent authorized by law to receive the same, or to such county, city, town, or such school, diking, drainage or irrigation district or to the proper officer or authority empowered to demand and receive the same, any money received by him or her as such officer when it is a duty imposed upon him or her by law to pay over and account for the same, shall be punished by imprisonment in a state correctional facility for not more than fifteen years.

The following internal control weakness allowed the drill team advisor to conceal these losses:

- District officials had not assigned responsibility for reviewing ASB financial

activity. Periodic reviews of drill team activity would have shown that membership dues had fluctuated unusually during both the 1995/96 and 1994/95 school years. Such reviews would have also disclosed that collections for drill team activities were either missing or incomplete. Drill team financial activities were reviewed by the district after receiving parental concerns pertaining to fund accountability.

We recommend that district officials seek recovery of the \$3,965.67 and related audit/investigation costs from the drill team advisor and their insurance company. We also recommend that the Washington State Office of the Attorney General and the Snohomish County Prosecuting Attorney review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.260.

Coverage for district employees is as follows:

Puget Sound Schools Risk Management Pool
Coverage Agreement Nos. COV94-95, 95-96 and 96-97, District No. 31015
\$200,000 Coverage With \$1,000 Deductible Provision

We further recommend that district officials assign responsibility for monitoring each school's ASB financial activity.

Auditee's Response:

The District currently is instituting stricter accounting procedures at all schools. All funds received from students and/or parents or guardians will be deposited in the school office and receipts will be provided. The District will continue to attempt to meet with the Drill Team Advisor to ascertain her response to the facts found by the auditor and will seek recovery of the \$3,965.67 and related audit costs.

This District is assigning responsibility at each school for monitoring the school's ASB financial activity.

Auditor's Concluding Remarks

We would like to thank the deputy superintendent for her response to our report finding. Based upon the response, the issues delineated in our report are being addressed. We will review these areas in our subsequent audit.

We would like to take this opportunity to express our appreciation for the assistance and cooperation we received throughout the audit.